

HOUSE JOINT RESOLUTION NO. 44

INTRODUCED BY A. OLSON

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF THE PROPERTY TAXATION OF OIL AND NATURAL GAS PROPERTY.

WHEREAS, oil and natural gas production machinery and equipment, gathering lines, and transmission lines make up a significant portion of the property tax base of many taxing units across the state; and

WHEREAS, oil and natural gas property that is located in more than one county is centrally assessed and is taxed at a higher rate than other property; and

WHEREAS, ownership patterns of oil and natural gas property have changed over the last several years; and

WHEREAS, many different entities own oil and natural gas property that is centrally assessed; and

WHEREAS, higher property taxes on this property may impede the competitive position of small producers; and

WHEREAS, several owners of oil and natural gas property have challenged the Department of Revenue's authority to centrally assess certain oil and natural gas property; and

WHEREAS, it is in the public interest to establish a balance between the financial needs of local governments and the equitable taxation of oil and natural gas property.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to study the assessment and taxation of oil and natural gas property, with a focus on oil and natural gas property that is centrally assessed. The study should include but not be limited to:

(1) an evaluation of the types of oil and natural gas property subject to taxation;

(2) the ownership patterns of oil and natural gas property subject to central assessment;

(3) an analysis of the importance of oil and natural gas property to the property tax structure of taxing

1 jurisdictions, including the state;

2 (4) a review of the Department of Revenue's assessment procedures and practices with respect to oil
3 and natural gas property, especially property that is centrally assessed by the Department; and

4 (5) an analysis of the state's policy regarding the taxation of oil and natural gas property.

5 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be
6 presented to and reviewed by an appropriate committee designated by the Legislative Council.

7 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
8 requirements, be concluded before September 15, 2006.

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